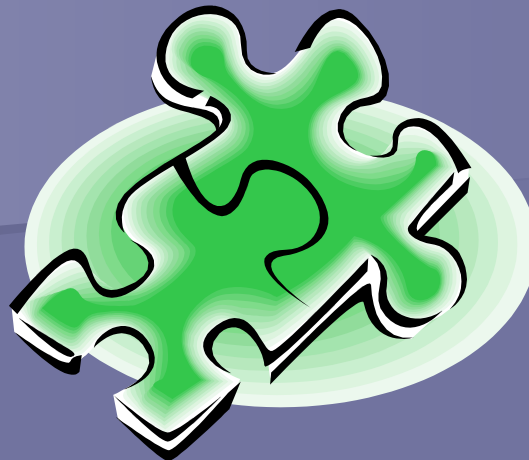


Fundamentals of Expenditure Approvals and Certification

Welcome to Training!



General Information

Facilities

- Break Room
- Messages
- Telephones
- Restrooms



Class

- Sign-In Sheet
- Class Materials
- Course Evaluations

Objectives

Participants will be able to ...

- Tie payment approval authority to the citizens of Texas
- Identify the components of a signature card and the USAS security profile
- Follow deadlines related to payment approval and security
- Segregate duties of the payment process

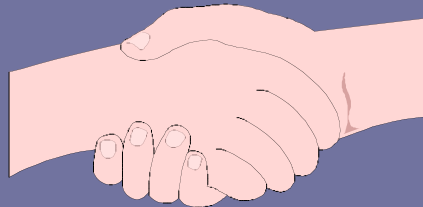
The Basics

- Expenditure
- Payment/Payroll Voucher
- Basic Approval Process
- Electronic Approval and Certification
 - A “release”



Required Approval & Certification

- Certification can declare to the Comptroller:
 - Goods or services comply with the contract
 - Invoice is correct
 - Traveler signed voucher
 - Payroll is correct
 - Salary supplements are reported to Comptroller and Secretary of State
- Certification & approval go hand-in-hand



- Multiple approvals
 - The last approval is responsible for the truth and accuracy of the certification statement

Who May NOT Approve

- A non-state employee
 - No contractors
- A retiree
- An employee of a different agency

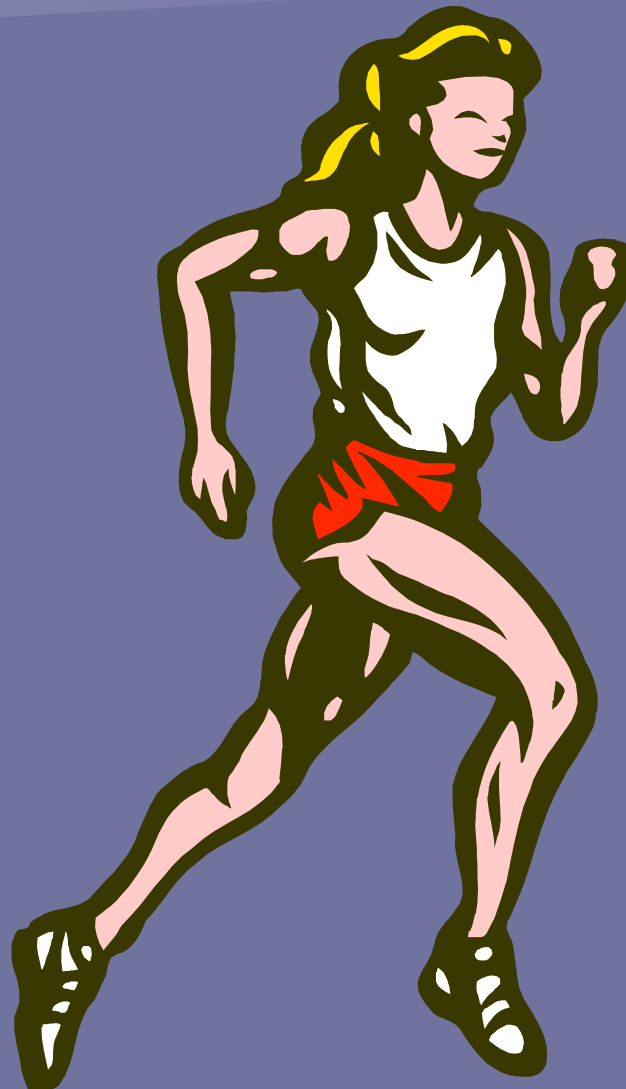


A Key Distinction

- Authorization
—delegating to an individual the authority to designate individuals to approve payments
- Designation – giving an employee authority to approve payments



Exercise Time!



Organizational
Chart Exercise

Revoking an Authorization

- Governing board or head of agency may choose to revoke an authorization at any time.
- Person no longer works at the agency
 - If the authorization is by position
- Required written notice to the Comptroller's office by the 10th day after the effective revocation date



Once A Designation Has Been Made

j

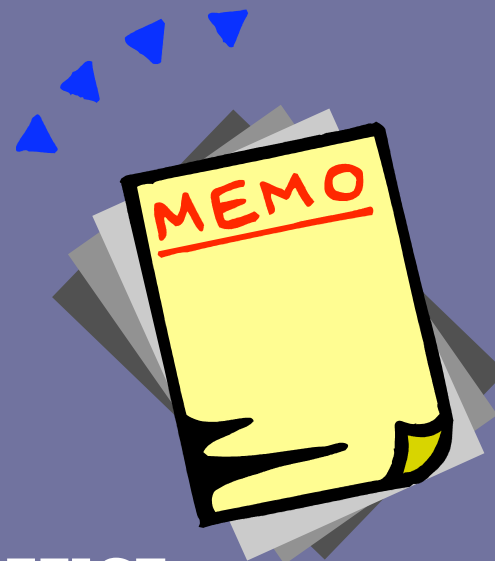
- Step 1 – Proper Written Notice

- Letter or memo

- Signature of the individual making the designation or the presiding officer of the governing board making the designation
 - The name of the designated individual
 - The effective date of the designation
 - An explanation

- Step 2 – Signature Card

- Step 3 – Security Profile



SUBMIT **ALL** TO THE COMPTROLLER'S OFFICE

Signature Card Requirements

- Legal name
- Payee identification # (TIN)
- Original Signature
- Position held
- User ID
- Agency's name
- Agency's #
- Contact phone #
- Effective Date

A signature card gives authority NOT security
Does NOT have to be typed

Voucher Signature Card

VOID



Comptroller of Public Accounts
74-117
(Rev. 11-93/4)

VOUCHER SIGNATURE CARD

Agency number		Phone number	
Agency name			Date
<p>• Please return along with supporting documents in accordance with TEX. REV. CIV. STAT. ANN art.6252-5, sec 1.</p> <p>• Please type all information (except signatures). (Name (typed) and signature, user ID number and employee/payee ID number of person(s) authorized by delegation of authority to approve expenditures for payment.)</p>			
NAME, EMPLOYEE/PAYEE ID# (14 digits), USER ID# (7 characters)			TITLE
1. Name (typed)		Employee/payee ID#	
Signature		User ID#	
2. Name (typed)		Employee/payee ID#	
Signature		User ID#	
3. Name (typed)		Employee/payee ID#	
Signature		User ID#	

Security Request

- A signature card does NOT grant automatic electronic security.
- Security coordinator must request access.
- Request for security and signature card submittal may be completed in any order.



USAS Security Profile Changes



Very Important!



- Update security profile IMMEDIATELY
- Security coordinator of the agency is responsible
- Compliance = No unauthorized approvals

USAS Screen 96A – Security Profile Screen

```
TEXAS  S96A          UNIFORM STATEWIDE ACCOUNTING SYSTEM  12/15/03 01:59 PM
LINK TO:              SECURITY PROFILE                      PROD

ACTION:  R  (A=ADD, C=CHANGE, D=DELETE, N=NEXT, R=RECALL)
AGENCY:   USER ID:      USER CLASS:      NAME:
ACCESS:   (SEARCH BY: A = AGENCY  U = USER ID)
ACCOUNTING TRANS:      BATCH EDIT MODE:
  RELEASE FLAG:        DISBURSEMENT METHOD:
    AGY GROUP:          WORK HOUR:
      RANGE 1:          WORK DAY:
      RANGE 2:          PRINTER ID:
SECURITY AGENCY:      DEFAULT
SECURITY ORG:         ACTION CODE AGENCY:
SECURITY ORG:         ACTION CODE:
PRIOR MO POST IND:    INTEREST CONTROL:
PRIOR YR POST IND:    WARRANT PFX IND:      (0,2,3,7,9,N)
  FUND OVERRIDE:      CONFIDENTIAL IND:      (P=PAYR T=TORT B=BOTH)
    BATCH TYPES:      ($=SYS.GEN. %=ALL,#=ALL BUT 4, 6, 7)

                                STATUS CODE: A
EFF START DATE: 12152003  EFF END DATE:      LAST PROC DATE:
```

Exercise Time!

Designating
Exercise



Limitations on Payment Approval Authority

- An agency must enforce its own decisions to limit approval authority.
 - Security profile
 - Internal controls
- The Comptroller cannot enforce limitations.

Revoking Designations

- Governing board or head of agency may revoke designations at any time
- Presiding officer, executive director, or chief deputy may revoke only if they or their predecessor made the designation (and if they are authorized)
- Termination = mandatory revocation
- Comptroller can revoke designations any time for any reason
- Not revoking authority and security in a timely manner is one of the most common audit findings!

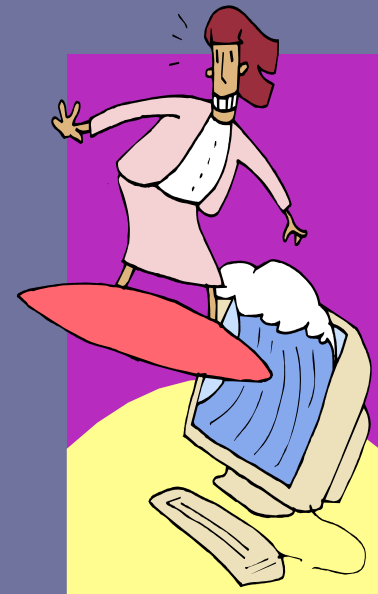
Deadlines When a Revocation Occurs

- **SAME DAY** – request USAS/USPS approval security to be removed
- **5 DAYS** – remove employee from signature card
 - But why not do it when you request security to be removed?
- **10 DAYS** – notify Comptroller of a revocation of authorization



Process of Providing Electronic Approvals

- Releasing a batch online in USAS = approval
- Releasing a payroll in USPS/SPRS = approval
- The batch must be released again if:
 - A transaction is added, altered, or deleted
- The user must have security and authority to release the batch.
 - Fulfilled signature card and security requirements



Legal Significance of Releasing a Batch

- Certification Statement
 - Accepts responsibility
 - Approves each document in batch
 - Guarantees the document complies with requirements
- Chief Fiscal Officer must ensure authorized individuals understand the statement
 - If not, the individuals are still responsible!



Segregation of Duties

- Used to ensure that errors or irregularities are prevented or detected on a timely basis
- Benefits:
 - A deliberate fraud is more difficult because it requires collusion
 - Much more likely innocent errors will be found
- Examples of incompatible duties:
 - Depositing cash and reconciling bank statements
 - Approving time cards and having custody of paychecks

Simplified Expenditure Process



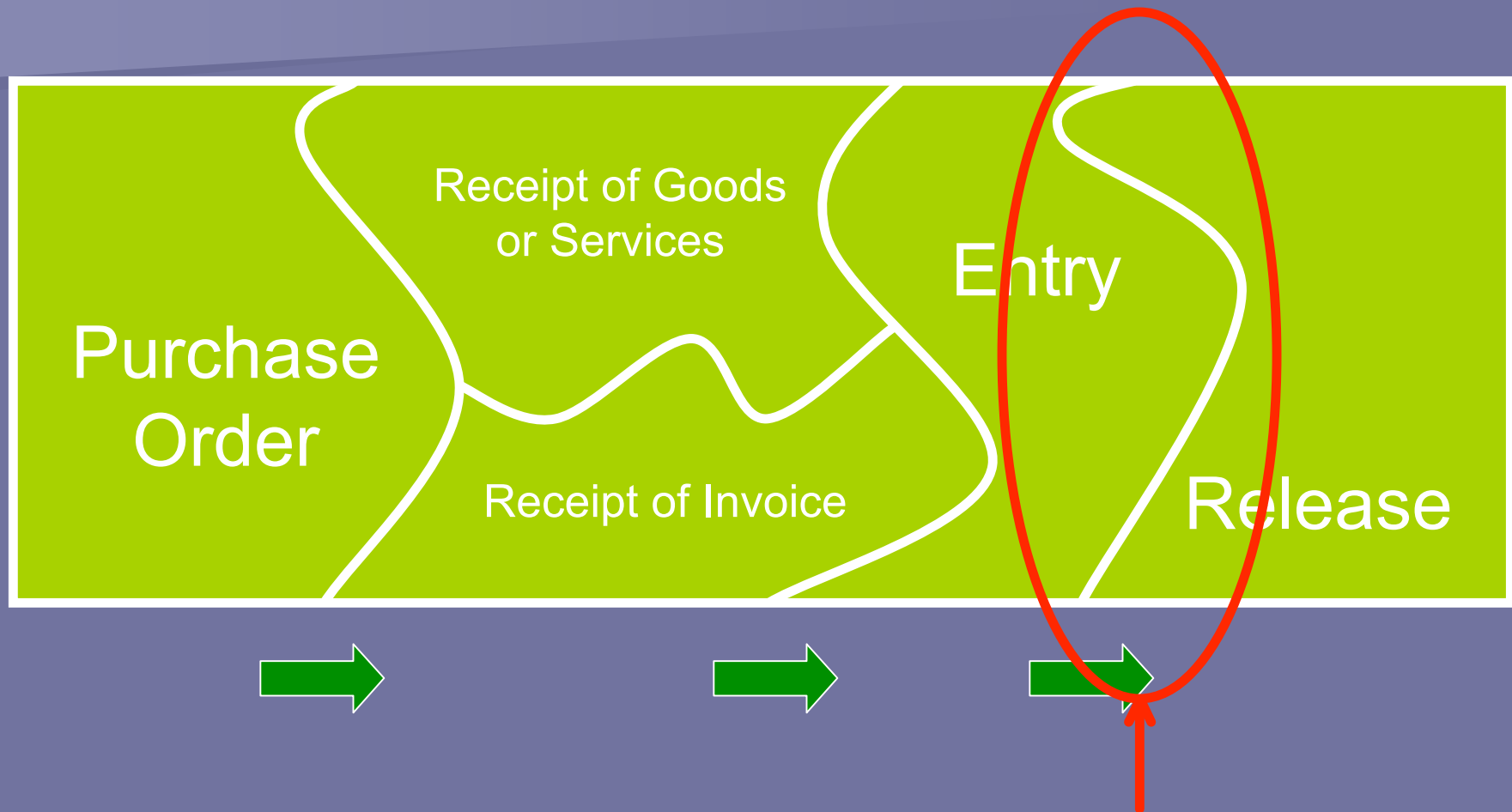
“The Linear Puzzle”

Simplified Expenditure Process



All three-way match documents

Simplified Expenditure Process



Documents where one person has total online control are called “risky documents.”

Exercise Time!

Segregation of
Duties Exercise



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